

Message Text

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ACTION AF-18

INFO OCT-01 EUR-25 ADP-00 EB-11 AID-20 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 L-03 PA-03

PRS-01 USIA-12 CIAE-00 INR-10 NSAE-00 COME-00 INT-08

SCEM-02 FTC-01 RSR-01 /155 W
----- 108337

R 041554 Z MAY 73

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 9403

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

C O N F I D E N T I A L LAGOS 3593

E. O. 11652: GDS

TAGS: ENRG, NI

SUBJECT: FMG EFFORTS TO ACQUIRE PARTICIPATION CRUDE OIL

REF: LAGOS 1385 (NOTAL)

1. SUMMARY: OFFICIAL MINISTRY OF MINES AND POWER HAS NOTIFIED PHILLIPS AND SAFRAP THAT MMP INTENDS TO TAKE FMG SHARE OF CRUDE OIL ARISING FROM PARTICIPATION WITH TWO COMPANIES ON JULY 1. COMPANIES HAVE TOLD MINISTRY NOT ONLY THAT ACTION WOULD BE CONTRARY TO THE AGREEMENTS WITH FMG BUT ALSO ON PRACTICAL SIDE THAT THEY HAVE ALREADY CONTRACTED FOR SALE THIS CRUDE. NEVERTHELESS, THEY HAVE EXPRESSED WILLINGNESS TO GIVE FMG HIGHER PRICE FOR ITS SHARE OF CRUDE THAN THEY ARE ACTUALLY RECEIVING UNDER SUPPLY CONTRACTS. PHILLIPS NIGERIAN ATTORNEY BELIEVES - AND WE AGREE - THAT SENIOR LEVEL OF FMG WILL NOT APPROVE SUCH A FLAGRANT VIOLATION OF CONTRACTUAL OBLIGATIONS WHICH WOULD HARM NIGERIAN REPUTATION OVER ISSUE OF LITTLE IMMEDIATE BENEFIT TO NIGERIA.

2. MANAGER HOELSCHER OF PHILLIPS PETROLEUM (NIGERIAN) INFORMED EMBASSY THAT ACTING DEPUTY DIRECTOR PETROLEUM RESOURCES LOLOMARI HAD INSISTED IN JOINT MEETING WITH
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PHILLIPS AND FRENCH COMPANY SAFRAP ON APRIL 26 THAT
FMG WILL TAKE ITS SHARE OF CRUDE FROM BOTH COMPANIES
BEGINNING JULY 1 AND THAT TERMS OF EACH COMPANY'S PARTICI-
PATION AGREEMENT WITH FMG PREVENTING SUCAND OTHERS.
PETERS

UNCLASSIFIED
NMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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